

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 COME-00 EB-07 INR-07
LAB-04 NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03 NSC-05
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TO SECSTATE WASHDC 9508
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
AMEMBASSY SOFIA
AMEMBASSY STOCKHOLM
USMISSION EC BRUSSELS
USMISSION GENEVA
USMISSION NATO

C O N F I D E N T I A L LISBON 8565

E.O. 11652: GDS
TAGS: ELAB, PINT, PO
SUBJ: GOP PROMULGATES LABOR DECREES

REF: (A) LISBON 7225, (B) LISBON 8095, (C) LISBON 8451

SUMMARY: THE GOP HAS PROMULGATED--AFTER SOME DELAY--DECREES
ALLOWING DISMISSALS FOR "JUST CAUSE" AND ENDING COMPULSARY
CHECK-OFF OF DUES. THESE MEASURES ARE EXPECTED TO HELP
RESTORE LABOR PRODUCTIVITY, BUT MAY CAUSE THE GOP PROBLEMS
WITH THE UNIONS. FRANCIS BLANCHARD, DIRECTOR-GENERAL OF THE
ILO, OUTLINED AN AMBITIOUS ILO PROGRAM FOR PORTUGAL.
GOP OFFICIALS FEAR THE PROGRAM WILL BE LONG ON WORDS
AND SHORT ON ACTION. END SUMMARY.

1. GOVERNMENT PROMULGATES DISMISSAL DECREE: AFTER A
TWO-MONTH DELAY, THE GOVERNMENT OFFICIALLY PROMULGATED
ON DEC 9 THE DECREE LAW AUTHORIZING DISMISSALS OF WORKERS
FOR SPECIFIED "JUSTIFIED CAUSES." THE LAW AS PROMULGATED
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HAS NO SUBSTANTIAL CHANGES FROM THE VERSION APPROVED BY

THE CABINET OCT 19 (REF A). THE DELAY WAS IN PART DUE TO THE PRESIDENT'S OFFICE, WHICH WISHED TO INCLUDE A PROVISION THAT THE DECREE MUST BE RECONSIDERED AFTER ONE YEAR. THIS AMENDMENT WAS REJECTED WHEN THE PRIME MINISTER'S LABOR ADVISOR, PELAGIO MADUREIRA, ARGUED THAT THIS WOULD BE INTERPRETED BY FOREIGN INVESTORS AS EVIDENCE THAT THE GOP LACKS THE FIRMNESS TO RESTORE LABOR PRODUCTIVITY.

2. UNIONS OPPOSE DECREE ENDING DUES CHECK-OFF: THE PROMULGATION DEC 9 OF A DECREE ENDING THE AUTOMATIC CHECK-OFF OF UNION DUES BY EMPLOYERS CASUED PROTESTS BY BOTH INTERSINDICAL AND DEMOCRATIC UNIONS. A MEETING OF UNION DELEGATES FROM THE LISBON DISTRICT IS SCHEDULED FOR DEC 16 TO DECIDE MEASURES TO BE TAKEN. SECRETARY OF STATE FOR LABOR MALDONADO GONELHA CLAIMS THAT THE CURRENT DUES CHECK-OFF SYSTEM PROVIDES THE LABOR MOVEMENT MORE THAN 100 MILLION DOLLARS PER YEAR IN FINANCING.

3. ILO'S BLANCHARD OUTLINES PROGRAM: AN ILO DELEGATION HEADED BY DIRECTOR-GENERAL FRANCIS BLANCHARD VISITED PORTUGAL DEC 7-10. BLANCHARD OUTLINED IN A PRESS CONFERENCE FORTHCOMING ILO PROGRAMS OF ASSISTANCE FOR PORTUGAL:

- EXPERTS TO ADVISE ON THE REORGANIZATION OF THE MINISTRY OF LABOR;
- A TECHNICAL TEAM FOR EMPLOYMENT PLANNING (TO ARRIVE IN JANUARY);
- TRAINING OF MANAGEMENT PERSONNEL;
- SPECIALIZED TRAINING IN LABOR-MANAGEMENT RELATIONS;
- TRAINING OF UNION LEADERS.

MINISTER OF LABOR MARCELO CURTO STATED THAT THE GOVERNMENT WOULD SUBMIT ILO CONVENTION 87 (LIBERTY OF UNION AFFILIATION) TO THE NATIONAL ASSEMBLY FOR RATIFICATION.

4. "OPEN LETTER" UNIONS HOLD REFERENDA: THREE ADDITIONAL "OPEN LETTER" (CARTA ABERTA) UNIONS HELD REFERENDA TO DETERMINE WHETHER THEY SHOULD PARTICIPATE IN THE INTER-SINDICAL-SPONSORED NATIONAL LABOR CONGRESS:

- THE SOUTHERN INSURANCE WORKERS VOTED AGAINST PARTICIPATION BY 86 PERCENT;
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- THE NORTHERN TELEPHONE WORKERS VOTED AGAINST BY 92 PERCENT;
- THE AGRONOMISTS VOTED IN FAVOR OF PARTICIPATION IN THE LABOR CONGRESS BUT AGAINST AFFILIATION WITH INTERSINDICAL.

5. INTERSINDICAL DELEGATION TO BULGARIA; A 15-MAN DELEGATION FROM INTERSINDICAL RETURNED DEC 2 FOLLOWING AN 8-DAY VISIT AS GUESTS OF THE BULGARIAN LABOR CONFEDERATION.

6. COMMENT: THE LAW AUTHORIZING JUSTIFIED DISMISSALS IS EXPECTED TO REDUCE THE RAMPANT INSUBORDINATION AND HIGH RATES OF ABSENTEEISM WHICH HAVE PREVAILED DURING THE PAST TWO YEARS. PRIME MINISTER SOARES TOLD THE AMBASSADOR THAT THE RATE OF ABSENTEEISM ALREADY HAD DROPPED SIGNIFICANTLY AT THE LISNAVE SHIPYARD FROM THE PREVIOUS FIGURE OF NEARLY 30 PERCENT. THE DECREE DOES NOT, HOWEVER, DEAL WITH THE QUESTION OF WORKER DISMISSAL SOLELY BECAUSE OF ECONOMIC REASONS.

7. MANY COLLECTIVE LABOR CONTRACTS CONTAIN CLAUSES PROVIDING FOR UNION DUES CHECK-OFF BY EMPLOYERS. INTER-SINDICAL IS EMPHASIZING THAT SUCH CLAUSES ARE STILL EFFECTIVE AND BINDING. IN THOSE SECTORS NOT CURRENTLY COVERED BY CONTRACTS, OR WHERE THE CONTRACTS LACK A CHECK-OFF CLAUSE, IT IS EXPECTED THAT UNION REVENUES WILL BE REDUCED BY 50 TO 75 PERCENT. THIS IS ONE ISSUE ON WHICH THE DEMOCRATIC UNIONS AND INTERSINDICAL ARE UNITED IN FIRM OPPOSITION TO THE GOVERNMENT. IT IS NOT EXPECTED THAT THE DECREE WILL "BREAK THE BACK OF INTERSINDICAL," AS SECRETARY OF STATE MALDONADO GONELHA PUBLICLY CLAIMED, AND INDEED COULD EVEN HAVE THE ADVERSE REACTION OF TURNING DEMOCRATIC UNIONS AGAINST THE GOVERNMENT AND PUSHING THEM TOWARD COOPERATION WITH INTERSINDICAL (REF C).

8. THE VISIT OF THE ILO'S BLANCHARD WAS THE OCCASION FOR FURTHER NAME CALLING BETWEEN INTERSINDICAL AND THE "OPEN LETTER" UNIONS. INTERSINDICAL REFUSED TO PARTICIPATE IN MEETINGS WHEN THE NON-AFFILIATED UNIONS WERE ALSO PRESENT, A MOVE WHICH UNDERLINED THE DIVISION EXISTING IN THE LABOR MOVEMENT. BLANCHARD EMPHASIZED THE IMPORTANCE HE ATTRIBUTES TO THE ILO PROGRAM IN PORTUGAL DURING A PRIVATE EXCHANGE WITH THE AMBASSADOR. SOCIALIST LABOR OFFICIALS, HOWEVER, CONFIDENTIAL

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FEAR THE ILO PROJECTS WILL BE LONG ON WORDS AND SHORT ON ACTION.
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